



COALSPUR MINES LIMITED

**FINANCIAL REPORT FOR THE PERIOD
ENDED JUNE 30, 2013**

ABN 73 003 041 594

CORPORATE DIRECTORY

DIRECTORS:

Mr. Colin Steyn Chairman (non-executive)
Ms. Gill Winckler President and CEO
Mr. Denis Turcotte Director (non-executive)
Mr. Peter Breese Director (non-executive)
Mr. David Murray Director (non-executive)
Mr. Ted Mayers Director (non-executive)
Mr. Mark Rodda Director (non-executive)
Mr. William Smart Alternate Director (non-executive)

SOLICITORS:

Canada:
Blake, Cassels &
Graydon LLP

Australia:
Hardy Bowen
Lawyers

AUDITOR:

Deloitte Touche
Tohmatsu

BANKERS:

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TD Canada Trust

Australia:
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Group Limited

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STOCK EXCHANGE LISTINGS:

Canada:
TSX Code: CPT – fully paid ordinary shares

Australia:
ASX Code: CPL – fully paid ordinary shares

WEBSITE:

www.coalspur.com

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DIRECTORS' REPORT FOR THE PERIOD ENDED JUNE 30, 2013

The Directors of Coalspur Mines Limited present their report on the Consolidated Entity consisting of Coalspur Mines Limited and the entities it controlled at the end of, or during, the six month period ended June 30, 2013 ("Company" or "Coalspur", or "Group").

DIRECTORS

The names and details of the Group's directors in office at any time during or since the end of the period are:

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and CEO
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive)
Mr. David Murray	Director (non-executive)
Mr. Ted Mayers	Director (non-executive)
Mr. Mark Rodda	Director (non-executive)
Mr. William Smart	Alternate Director (non-executive)

All Directors held their office during the period from January 1, 2013 until the date of this report.

FUNCTIONAL AND PRESENTATION CURRENCY

The Director's Report is presented in Canadian dollars ("\$") unless otherwise expressed in Australian dollars ("A\$"), or United States dollars ("US\$").

PRINCIPAL ACTIVITIES

During the six month period ended June 30, 2013, Coalspur's principal activities were related to advancing the regulatory approval process for Vista Phase 1, securing financing for the development of Vista, and preparing to move into construction in the second half of 2013. The Company was engaged in similar activities during the previous six month period.

REVIEW AND RESULTS OF OPERATIONS

Review of Operations for the six months ended June 30, 2013

During the half year ended June 30, 2013 Coalspur finalised its Vista development plan, secured the majority of development capital to fund Vista, advanced its regulatory applications, developed its workforce, and completed clean coal transportation arrangements.

Coalspur's Board of Directors approved the Vista development plan with capital of C\$458 million for a six million tonnes per annum ("Mtpa") capacity facility, resulting in a capital efficiency of \$76 per tonne of annual capacity. A competitive process with globally recognised EPC contractors resulted in an optimised project execution strategy, and confidence around development costs, schedule and project delivery. The terms agreed with the selected EPC contractor, Forge group's Taggart Global ("Forge"), de-risk the capital budget by locking in approximately 50% (US\$221 million) of total development capital and also de-risk the schedule to first production which is anticipated around the middle of calendar year 2015. The Company is in the process of negotiating and finalising the definitive agreement with Forge in line with the terms previously agreed.

The Company's financial position remains strong following the securing of a senior secured debt facility of up to US\$350 million (the "Facility") with EIG Global Energy Partners ("EIG"), and the associated restructuring of its C\$70 million credit facility with Borrowdale Park S.A. ("Borrowdale Park") into a C\$30 million subordinated note. Access to the facility allows Coalspur to move into construction following regulatory approval. The agreements ensured Coalspur retains all off-take and marketing rights, thereby preserving strategic flexibility to secure the balance of its required development capital. Proceeds from the Facility are expected to fund the majority of development capital for the first phase of Vista. In addition, in January 2013, Borrowdale Park and a number of smaller option holders exercised their options to purchase approximately 13.4 million ordinary shares with an exercise price of A\$0.70.

Following shareholder approval on June 27, 2013 in July 2013 the Company issued 120 million warrants to EIG and 14 million warrants to Borrowdale Park, both with an exercise price of A\$0.55, made an

initial draw of US\$37.0 million under the Facility, paid EIG a US\$7.0 million facility fee, and repaid C\$10 million of the previous C\$40 million owing to Borrowdale Park. Further draws upon the facility are contingent on obtaining regulatory approval for Vista Phase 1, and other conditions typical for a facility of this nature.

Coalspur hired a number of individuals during the period to assist with the development and operation of Vista, including Colin Gilligan, who was appointed Chief Operating Officer, and Richard Tremblay, who was appointed Vice President, Operations. Coalspur's number of full time employees grew from 20 at December 31, 2012 to 27 at June 30, 2013.

The Company finalised its arrangements for transporting clean coal by rail to its port facility, by reaching a definitive agreement with CN which outlines key terms for a seven year coal transportation agreement, and by bringing total committed port capacity with Ridley Terminals Inc. to 10.7 Mtpa. The capacity at Ridley commences with 2.5 Mtpa in 2015, and increases to 10.7 Mtpa by 2020 to closely align with the Company's forecast production.

Financing arrangements

During the period, Coalspur secured a US\$350 million Facility with EIG to fund the majority of development capital required for Vista Phase 1, and arranged for its existing \$70 million Borrowdale Park facility to be restructured into a \$30 million subordinated note.

Following shareholder approval in June 2013, and the meeting of certain other conditions precedent, the Company made an initial US\$37 million draw down on the Facility during July 2013. The Facility has a maturity date of July 12, 2021, and carries interest at a rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. Cash payments will not start until Coalspur is in production. Also in July, Coalspur granted EIG 120 million warrants with an exercise price A\$0.55 each, expiring on the maturity date of the Facility, or earlier, in certain circumstances, and paid EIG a US\$7 million cash facility fee upon making its initial draw. A further US\$120 million can be drawn following receipt of necessary regulatory approvals, and other customary conditions precedent for a facility of this nature. Subsequent draw downs are subject to further funding arrangements for the construction of Vista Phase 1, and other conditions precedent, including a provision for final sizing of the Facility which is contingent upon the Company being able to maintain adequate debt service cover ratios. In the event final sizing of the Facility results in a Facility limit of less than US\$250 million, Coalspur has the option to cancel the Facility and repay EIG with ordinary shares at market value, however that value shall not be less than A\$0.20 and not greater than A\$0.65 per share. In the event the Company does not cancel the Facility, it will be subject to make whole provisions should it elect to repay EIG early.

Coalspur had a balance owing of \$40 million on its \$70 million Borrowdale Park facility at June 30, 2013. Subsequent to shareholder approval, and in accordance with the terms of the EIG Facility, the Company repaid Borrowdale Park \$10 million in July 2013, and restructured the remaining \$30 million as a

subordinated debt obligation with interest at 10.5% per annum (the “**Borrowdale Park Note**”), and issued 14 million warrants to Borrowdale Park with an exercise price of A\$0.55. The Borrowdale Park Note can be repaid at any time with a final maturity date of August 12, 2021. If the Borrowdale Park Note is not repaid by the time Vista reaches production, the interest rate on the note will increase to 20% per annum, and Borrowdale Park will have the option to convert the Borrowdale Park Note into shares at a 50% discount to the 10 day weighted average price at that time. It is Coalspur’s current intent to repay the Borrowdale Park Note prior to reaching production.

Financial Condition

The Company had combined cash and available credit of \$34.9 million at June 30, 2013, however, subsequent to June 30, Coalspur finalised its US\$350 million Facility with EIG and restructured its Borrowdale Park facility. The Company then made an initial draw of US\$37.0 million, and in accordance with the terms of the Facility, \$10.0 million was repaid to Borrowdale Park, and US\$7.0 million was paid to EIG as a Facility fee. Additional funds under the Facility will be available for draw down once Coalspur obtains regulatory approval, and meets other conditions precedent typical for a facility of this type. As of the date of this report, the Company had a cash balance of \$20.5 million.

The net loss of \$9.0 million for the six months ended June 30, 2013 increased from \$8.4 million during the half year ended June 30, 2012 due to the increased size and scope of the Company’s activities required to secure project funding, regulatory approval and preparation for mine construction. Also, the Company expensed a previously capitalized \$1.0 million fee in the current period as it allowed an option to acquire 1.0 Mtpa in port capacity at Ridley Terminals to expire. Had the Company exercised this option it would have incurred additional risk associated with minimum throughput payments, and paid an additional \$4.0 million deposit.

Vista Coal Project

In June 2013 the Company updated its Vista development plan to construct and commission a six Mtpa capacity thermal coal facility by approximately mid 2015, which will be readily expandable to 12 Mtpa. The development plan has a total capital cost of C\$458 million, which includes a US\$221 million lump sum turn-key contract with Forge, that reduces exposure to currency fluctuations associated with the US\$ Facility. Forge’s experience as an EPC contractor in Canada and globally provides a high degree of certainty over costs and schedule. The updated development plan allows the Company to construct the six Mtpa facility in one stage as opposed to the previously envisaged two stages.

The Company is in the final stages of its regulatory approvals process for Vista with the Alberta Energy Regulator (“**AER**”), formerly the Energy Resources Conservation Board, and Alberta’s Energy and Sustainable Resource Development department (“**ESRD**”). In June 2013 the ESRD deemed that Coalspur’s Environmental Impact Assessment was complete. The Company is awaiting key decisions

DIRECTORS' REPORT FOR THE PERIOD ENDED JUNE 30, 2013

from AER before all the requisite permits and approvals required to begin construction on Vista can be granted, primarily relating to the following components:

- Technical Completeness: AER is reviewing the remaining few technical responses that the Company submitted to the AER on July 19, 2013; and
- Statements of Concern ("SOC's"): 17 SOC's were submitted on Vista between September 2012 and January 2013, of which ten have been withdrawn or are no longer active. The Company continues to engage with the active parties to have the remaining SOC's fully addressed or withdrawn.

The decisions from the AER are expected shortly.

Subsequent to June 30, 2013 the Canadian National Railway Company ("CN") received approval from the Canadian Transportation Agency ("CTA") which will allow Coalspur to construct a 6.5km long rail siding which will provide CN with access to Coalspur's loading site. Construction of the rail siding will begin once Coalspur receives the remaining regulatory approvals enabling it to commence construction on Vista. CN will ensure the rail siding meets their design and construction specifications.

During the period, Coalspur finalised its port capacity arrangements at Ridley Terminals by allowing an option to acquire 1.0 Mtpa capacity to lapse, and by confirming its intention to proceed with a previously signed agreement. The finalised capacity commences with 2.5 Mtpa in 2015, and increases to 10.7 Mtpa in 2020 to satisfy the majority of Vista's forecast requirements at full production. Accordingly, the Company is subject to minimum throughput payments of \$12.8 million in 2015, increasing to \$54.9 million per year by 2020. Please refer to Note 5 to the Company's June 30, 2013 Financial Statements, and copies of the Company's agreements with Ridley Terminals that are filed on SEDAR for more information.

Coalspur and CN signed a seven-year, definitive rail transportation agreement covering up to 12 Mtpa during the period. As with most western Canadian Producers, CN will supply the equipment to carry Coalspur's coal to its port facility. Coalspur and CN also signed an agreement governing the construction of a 6.5km long rail siding providing CN access to Coalspur's loading site. While tree clearing of the rail siding area has been completed, additional construction activity is expected to begin following receipt of regulatory approval.

The Company significantly strengthened its management and technical teams in anticipation of commencing construction on Vista by increasing the number of management and technical staff from 20 at December 31, 2012 to 27 at June 30, 2013. The increased staff level is primarily due to growth at the Hinton office. The Company anticipates adding several additional technical team members in Hinton over the next six to twelve months.

Other Projects

Vista Extension is located on the northeast boundary of Vista and covers 14,432 hectares. An initial resource estimate on Vista Extension resulted in Measured and Indicated resources of 173 Mt and inferred resources of 969 Mt. The Company acquired Vista Extension for \$13.0 million in 2012. To date exploration and evaluation expenses on Vista extension have been nominal and Coalspur has deferred a future drilling program and a pre-feasibility study on this project. The Company has no immediate plans to evaluate this property further.

Vista South covers 23,287 hectares and is located approximately 6km southwest of Vista. The Company believes Vista South has the potential to host a significant coal resource, which could provide value by leveraging off the planned infrastructure at Vista, providing for mine expansion or an extension of the project life. The Company spent \$1.3 million to complete an exploratory drilling program on Vista South during the six months ended June 30, 2012. The Company has no immediate plans to evaluate this property further.

For further information regarding Vista South, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. For more information on Vista Extension, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012.

DIVIDENDS

No dividends were paid or declared during the period. No recommendation for payment of dividends has been made. The Company does not expect to pay dividends until the EIG and Borrowdale Park facilities are repaid.

BUSINESS STRATEGIES AND PROSPECTS

The Group currently has the following business strategies and prospects over the medium to long-term:

- finalising necessary regulatory approvals to commence forest clearing, site grading, water management structures and other construction activities on Vista;
- finalising the EPC contract with Forge and awarding contracts for the civil earthworks and mine pre-development work;
- commence construction at Vista on a schedule that supports first clean coal production in 2015;
- continuing discussions with potential investors to secure the remaining funding or off-take arrangements required to complete Vista Phase 1; and
- continuing discussions with potential mining contractors to assist with coal production;
- complete and submit the Phase 2 regulatory applications required to reach the full production rate of 12.0 Mtpa at Vista;

DIRECTORS' REPORT FOR THE PERIOD ENDED JUNE 30, 2013

- continue exploring its other coal properties in the region of Hinton, Alberta; and
- continue to evaluate other potential coal property acquisitions in the Hinton region.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On June 27, 2013 shareholders voted in favour of entering into a funding arrangement with EIG to provide a senior secured debt facility of up to US\$350 million. As a result, the following associated events occurred after June 30, 2013:

- On July 4, 2013, Coalspur issued 120 million warrants to EIG's investment funds with an exercise price of A\$0.55. These warrants expire on July 12, 2021, or earlier in certain circumstances ("EIG Warrants").
- On July 12, 2013 Coalspur made an initial draw of US\$37 million on the Facility, and paid EIG a US\$7 million cash facility fee
- On July 12, 2013 Coalspur issued 14 million warrants to Borrowdale Park on the same terms and conditions as the EIG warrants as part of the Borrowdale Park Note.
- On July 12, 2013 Coalspur cancelled 3 million options on issue to Borrowdale Park which expired as a result of the restructuring of its debt facility.
- On July 18, 2013 Borrowdale Park was re-paid \$10 million of the \$40 million outstanding credit facility. The remaining \$30 million outstanding on the credit facility was restructured as a subordinated debt obligation with an interest rate of 10.5%.

Other than disclosed above, there were no significant events occurring after the balance sheet date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended June 30, 2013 has been received and can be found on page 13 of the Directors' Report.

Signed in accordance with a resolution of the Directors.



Gill Winckler
President & Chief Executive Officer

August 13, 2013

Regulatory Disclosures

For further information regarding Vista and Vista Extension, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding Vista South, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the project, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. The technical reports are available for review on SEDAR at sedar.com.

Competent Person / Qualified Person Statements

The information in this report that relates to mining infrastructure and associated capital costs, is based on information compiled by Mr. Richard Tremblay, who is a Member of the Association of Professional Engineers and Geoscientists of British Columbia. Mr. Tremblay is a full-time employee of Coalspur, and has sufficient experience which is relevant to the style of infrastructure and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"), and a "Qualified Person" under National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mr. Tremblay has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

The information in this Directors' Report that relates to Coal Resources is based on information compiled by Mr. John Innis, who is a Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr. Innis is a full-time employee of Coalspur. Mr. Innis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"), and a "Qualified Person" under National Instrument 43-101 – "Standards of Disclosure for Mineral Projects" ("NI 43-101"). Mr. Innis has approved and consents to the inclusion of such information in this report in the form and context in which it appears.

Forward Looking Statements

This report contains forward-looking statements concerning Coalspur, including statements regarding Coalspur's plans for its mineral projects, development plans and timing, development and operating costs, production, regulatory approvals, exploration and development activities, and other matters. These statements relate to analyses and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain

DIRECTORS' REPORT FOR THE PERIOD ENDED JUNE 30, 2013

actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including those referred to in the Company's Annual Information Form under the heading "Description of the Business - Risk Factors", and elsewhere. The Company has several material risk factors that could cause actual results to differ materially from the forward-looking information, including, but not limited to; risks associated with funding requirements for Vista development, uncertainties relating to fluctuations in coal price, uncertainties related to the availability of future financing, risks related to Coalspur's existing credit facility, risks associated with take or pay commitments with Ridley Terminals, risks associated with the need for governmental licenses, permits and approvals, uncertainties related to aboriginal rights claims and multiple mineral development, and uncertainties related to global economic and financial conditions.

Coalspur's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Coalspur believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. The Company has applied several material factors or assumptions to develop the forward-looking statements, which may prove to be incorrect, including, but not limited to: (1) that all required third party approvals will be obtained for the development, construction and production of its properties; (2) that additional financing will be available on reasonable terms; (3) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (4) permitting, development and expansion proceeding on a basis consistent with the Company's current expectations; (5) currency exchange rates being approximately consistent with current levels; (6) certain price assumptions for coal; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource and reserve estimates; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

The Board of Directors
Coalspur Mines Limited
Level 1, 28 Ord Street
West Perth WA 6005

13 August 2013

Dear Board Members

Coalspur Mines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Coalspur Mines Limited.

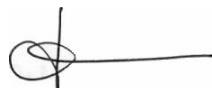
As lead audit partner for the review of the financial statements of Coalspur Mines Limited for the half year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles

Partner

Chartered Accountants

In accordance with a resolution of the Directors of Coalspur Mines Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 305 (true and fair view);
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Gill Winckler
Chief Executive Officer

August 13, 2013

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Note	Three Months Ended		Six Months Ended	
		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Continuing operations					
Operating expenses		(1,759,901)	-	(2,820,309)	-
Exploration and evaluation expenses		(50,512)	(1,217,506)	(50,512)	(4,491,359)
Corporate and administrative expenses		(2,527,979)	(1,528,620)	(6,232,506)	(3,840,067)
Other income	3	143,620	38,176	221,297	130,332
Other gains and losses	3	(161,819)	(101,961)	(124,503)	(149,346)
Loss before income tax		<u>(4,356,591)</u>	<u>(2,809,911)</u>	<u>(9,006,533)</u>	<u>(8,350,440)</u>
Income tax expense		-	-	-	-
Loss for the period		(4,356,591)	(2,809,911)	(9,006,533)	(8,350,440)
Loss attributable to members of Coalspur Mines Limited					
		(4,356,591)	(2,809,911)	(9,006,533)	(8,350,440)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		-	-	-	(5,153,984)
Other comprehensive income for the period, net of tax		-	-	-	(5,153,984)
Total comprehensive loss for the period		(4,356,591)	(2,809,911)	(9,006,533)	(13,504,424)
Total comprehensive loss attributable to members of Coalspur Mines Limited					
		(4,356,591)	(2,809,911)	(9,006,533)	(13,504,424)
Basic and diluted loss per share (cents per share)		(0.68)	(0.45)	(1.42)	(1.36)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Note	June 30, 2013	December 31, 2012
ASSETS			
Current Assets			
Cash and cash equivalents		4,862,487	14,867,640
Trade and other receivables		295,697	517,572
Prepayments		441,007	1,014,826
Total Current Assets		5,599,191	16,400,038
Non-current Assets			
Property, plant and equipment		1,041,845	904,894
Exploration and evaluation assets	4	13,509,295	13,509,295
Mine development assets	4	134,282,385	120,387,691
Prepayments	5	42,800,000	42,800,000
Intangible assets	5	2,500,000	3,500,000
Other assets	6	3,893,680	3,498,640
Total Non-current Assets		198,027,205	184,600,520
TOTAL ASSETS		203,626,396	201,000,558
LIABILITIES			
Current Liabilities			
Trade and other payables		4,308,151	3,659,022
Provisions		133,459	63,495
Total Current Liabilities		4,441,610	3,722,517
Non-Current Liabilities			
Borrowings		40,000,000	30,000,000
Total Non-Current Liabilities		40,000,000	30,000,000
TOTAL LIABILITIES		44,441,610	33,722,517
NET ASSETS		159,184,786	167,278,041
EQUITY			
Contributed equity	7	230,124,519	225,856,621
Share based payment reserve	8	14,550,820	17,905,440
Foreign currency translation reserve	9	(12,401,553)	(12,401,553)
Accumulated losses		(73,089,000)	(64,082,467)
TOTAL EQUITY		159,184,786	167,278,041

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN CANADIAN DOLLARS

For the Six Months Ended June 30, 2013 (Unaudited)	Note	Ordinary Shares	Performance Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Canadian Dollars							
Balance at December 31, 2012		225,856,621	-	17,905,440	(12,401,553)	(64,082,467)	167,278,041
Net loss for the period		-	-	-	-	(9,006,533)	(9,006,533)
Total comprehensive loss for the period		-	-	-	-	(9,006,533)	(9,006,533)
Transactions with owners, recorded directly in equity:							
Exercise of unlisted options		3,161,839	-	(2,375,768)	-	-	786,071
Conversion of share rights		1,106,059	-	(1,106,059)	-	-	-
Share based payments	8	-	-	127,207	-	-	127,207
Balance June 30, 2013		230,124,519	-	14,550,820	(12,401,553)	(73,089,000)	159,184,786

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EXPRESSED IN CANADIAN DOLLARS

For the Six Months Ended June 30, 2012 (Unaudited)	Ordinary Shares	Performance Shares	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Canadian Dollars						
Balance at December 31, 2011	195,510,769	776	12,202,122	(5,643,798)	(50,271,785)	151,798,084
Net loss for the period	-	-	-	-	(8,350,440)	(8,350,440)
Functional currency translation	5,471,823	21	268,029	(158,077)	1,483,029	7,064,825
Other comprehensive income:						
Exchange differences arising on translation of foreign operations	-	-	-	(6,599,678)	-	(6,599,678)
Total comprehensive loss for the period	-	-	-	(6,757,755)	(6,867,411)	(13,625,166)
Transactions with owners, recorded directly in equity:						
Exercise of unlisted options	13,559,257	-	(691,301)	-	-	12,867,956
Share based payments	-	-	7,117,290	-	-	7,117,290
Exercise of share rights	1,655,207	-	(1,655,207)	-	-	-
Balance June 30, 2012	216,197,056	797	17,240,933	(12,401,553)	(57,139,196)	163,898,037

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

COALSPUR MINES LIMITED AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
EXPRESSED IN CANADIAN DOLLARS

(Unaudited) Canadian Dollars	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Cash flows from operating activities				
Payments to suppliers and employees	(2,301,593)	(4,351,474)	(5,627,272)	(7,801,758)
Interest received	36,766	55,177	90,836	147,332
Rental income	106,854	-	130,461	-
Net cash outflow from operating activities	(2,157,973)	(4,296,297)	(5,405,975)	(7,654,426)
Cash flows from investing activities				
Payments for port capacity	-	(14,000,000)	(150,000)	(23,000,000)
Payments for plant and equipment	(50,417)	(15,437)	(184,486)	(15,437)
Payments for mine development assets	(4,812,016)	(3,945,406)	(12,162,330)	(6,355,104)
Payments for exploration and evaluation assets	(53,056)	(13,000,000)	(53,056)	(13,000,000)
Interest and other costs of finance paid	(1,187,589)	-	(1,187,589)	(25,114)
Net cash outflow from investing activities	(6,103,078)	(30,960,843)	(13,737,461)	(42,395,655)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	716,488	26,158	785,313	12,866,743
Proceeds from borrowings	-	20,000,000	10,000,000	20,000,000
Payments for financing	(1,647,030)	-	(1,647,030)	-
Net cash inflow/(outflow) from financing activities	(930,542)	20,026,158	9,138,283	32,866,743
Net decrease in cash and cash equivalents	(9,191,593)	(15,230,982)	(10,005,153)	(17,183,338)
Net foreign exchange differences	(1,856)	(630)	-	266,739
Cash and cash equivalents at beginning of period	14,055,936	22,219,942	14,867,640	23,904,929
Cash and cash equivalents at end of period ¹	4,862,487	6,988,330	4,862,487	6,988,330

(1) Cash and cash equivalents at June 30, 2013 consists of cash of \$2.22 million (2012 - \$5.58 million) and short-term investments of \$2.64 million (2012 - \$1.41 million).

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the three and six months ended June 30, 2013 has been prepared in accordance with the Corporations Act 2001 and AASB 134. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 134 Interim Financial Reporting.

In addition to Australian requirements, further information has been included in the Condensed Consolidated Financial Statements in order to comply with applicable Canadian securities law, on the basis that Coalspur Mines Ltd. (the “**Company**”) is dual listed on the Toronto Stock Exchange.

These condensed consolidated financial statements have been prepared by management in accordance with Australian Accounting Standards (“**AAS**”) as issued by the Australian Accounting Standards Board (“**AASB**”) and have been prepared in accordance with AASB 134 applying accounting policies consistent with those disclosed in *Note 1* of the December 31, 2012 consolidated financial statements, except for the new standards adopted on January 1, 2013.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements of the Company as at and for the six month period ended December 31, 2012 and any public announcements made by Coalspur Mines Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in *Note 1* of the December 31, 2012 audited consolidated financial statements.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The significant accounting policies are the same as those set out in the Company’s December 31, 2012 audited consolidated financial statements and have been consistently applied to all the periods presented in these financial statements, other than as follows:

AASB 10 - Consolidated financial statements, AASB 11 - Joint arrangements, AASB 12 - Disclosure of interests in other entities and AASB 13 - Fair value measurement were issued in May 2011. They replaced parts of AASB 127 – Consolidated and separate financial statements and AASB 128 - Investments in associates and joint ventures and relate to the accounting and disclosure for interests in other entities. AASB 13 provides guidance on how to measure assets and liabilities at fair value as well as the disclosure required to explain management’s assumptions to the reader. These standards did not have a significant impact on the consolidated condensed interim financial statements or disclosures.

Amendments to AASB 7 - Disclosures - Offsetting financial assets and liabilities were published jointly by the IASB and Financial Accounting Standards Board in December 2011. The amendments are intended to improve the ability of users of financial statements to compare financial statements prepared in accordance with US GAAP and AIFRS. These amendments did not have a significant impact on the consolidated condensed interim financial statements or disclosures.

Amendments to AASB 101 – Presentation of financial statements were issued by the AASB in September 2011. The amendments relate to the disclosure of other comprehensive income as well as the tax impacts of other comprehensive income. These amendments did not have a significant impact on the consolidated condensed interim financial statements or disclosures.

2. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being coal development in Canada. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

3. REVENUE AND EXPENSES

In Q2 Coalspur created an Operating expense category to more accurately reflect that the Company's primary focus has shifted from exploration and evaluation of its mineral properties to development and construction of Vista. During the quarter ended June 30, 2013 the Company reallocated \$1.06 million from exploration and evaluation expenses to operating expenses.

Continuing operations	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Share-Based payments expense/(recovery)				
Included in operating expenses ¹	(376,972)	53,384	(270,447)	598,515
Included in corporate and administrative expenses ¹	(326,088)	245,083	319,653	924,717
	(703,060)	298,467	49,206	1,523,232
Other Income				
Interest income	36,766	38,176	90,836	130,332
Rental income	106,854	-	130,461	-
	143,620	38,176	221,297	130,332
Other gains and losses				
Net foreign exchange gain (loss)	(161,819)	(101,961)	(124,503)	(149,346)

Notes:

(1) During Q2, 2013 the performance milestone for Tranche 5 (finance) was met. Therefore, the share rights associated with tranche 5 were exercised and transferred to equity from the P&L, resulting in a recovery during the quarter.

4. EXPLORATION, EVALUATION, AND MINE DEVELOPMENT ASSETS

Canadian Dollars	Six Months Ended	Year Ended
	June 30	December 31
Movement in mine development assets		
Vista Project		
Carrying amount at beginning of period	120,387,691	109,726,335
Capitalized development costs	11,455,115	8,423,920
Capitalized finance costs (1)	2,439,579	2,237,436
Carrying amount at end of period	134,282,385	120,387,691

Notes

(1) The Company arranged a \$70 million credit facility (Note 24 to the Financial Statements for the six month period ended December 31, 2012) to advance the development of Vista. The finance costs associated with the assets under development are recorded as other assets and amortized to Mine Development Assets over the life of the credit facility.

5. AGREEMENTS WITH RIDLEY TERMINALS INC.

The Company has contracted with Ridley Terminals to secure port capacity of 2.5Mtpa in 2015, increasing to 10.7Mtpa in 2020 through 2028. Prior to the expiry of the initial term in 2028, the Company has the option to renew the arrangement for an additional 7 years.

Summary of Agreements with Ridley Terminals			
	Prepayments (\$ millions)		Note
Deposit paid	\$ 42.80		5(b)
Option fee-other asset	\$ 2.50		5(c)
Option fee-expensed	\$ 1.00		5(c)
Total paid to date	\$ 46.30		
	Minimum Throughput Payment	Contracted Volume	
Year	(\$ millions)	(Mtpa)	5(d)
2013	\$ -	-	
2014	\$ -	-	
2015	\$ 12.8	2.5	
2016	\$ 23.1	4.5	
2017	\$ 38.0	7.4	
2018	\$ 50.8	9.9	
2019	\$ 51.9	10.1	
2020	\$ 54.9	10.7	
2021	\$ 54.9	10.7	
2022	\$ 54.9	10.7	
2023	\$ 54.9	10.7	
2024	\$ 54.9	10.7	
2025	\$ 54.9	10.7	
2026	\$ 54.9	10.7	
2027	\$ 54.9	10.7	
2028	\$ 54.9	10.7	
Total	\$ 671.2	130.7	

(a) Contract cancellation / exercise date

During the three month period ended June 30, 2013 Coalspur finalised its arrangements with Ridley Terminals by committing to capacity of 8.5 Mtpa under one of its contracts and allowing an option to acquire an additional 1.0 Mtpa of capacity to expire. As of June 30, 2013, the Company's total committed port capacity was 10.7 Mtpa commencing with 2.5 Mtpa in 2015, and ramping up to 10.7 Mtpa by 2020 in accordance with Vista's anticipated production profile.

Ridley Terminals has a right to terminate either contract if, after a 30 business day cure period the Company's debt to EBITDA ratio exceeds 5:1 after it has shipped 10 million tonnes under the respective contracts.

(b) Deposits

All throughput capacity is subject to non-refundable deposits of \$4 per tonne multiplied by annual contract capacity, which will be offset against future throughput, or minimum throughput charges. Deposits of \$42.8 million have been classified as non-current prepaid assets, and will be amortised as they are offset against future throughput or minimum payment charges.

(c) Option fees

The Company paid \$3.5 million for two options to purchase additional throughput capacity totaling 3.5 Mtpa commencing in 2018. During Q2, 2013 the Company exercised its option to acquire 2.5 Mtpa capacity, and allowed its option to acquire 1.0 Mtpa to expire. Accordingly \$2.5 million is classified as a non-current intangible asset, and will be amortised over the initial term of the contract and \$1 million was expensed during the period.

(d) Minimum throughput charges

The Company's port capacity at Ridley Terminals' is subject to minimum throughput charges based on a percentage of contracted capacity and throughput rates. As of June 30, 2013, the Company is subject to minimum throughput payments totaling \$671 million over the initial 14 year term of the contract which could become payable in the event Coalspur is unable to meet specified minimum throughput commitments. Management believes it is unlikely to incur minimum throughput payments because surplus capacity, to the extent there is any, may be sold to a third party or returned to Ridley Terminals under certain circumstances.

6. OTHER ASSETS

The amounts shown in the table below pertain to the facility agreements with Borrowdale Park and EIG and will be amortised to finance expense, over the life of the credit facility agreement using the effective interest method. Given that the credit facility was obtained to finance the development of the mine, such finance costs are capitalised to Mine Development Assets until such time the mine is ready for use as intended by management.

Details	June 30, 2013	December 31, 2012
	\$	\$
Share-based payments associated with credit facility	7,390,905	6,203,316
Legal fees incurred for financing	1,647,030	-
Capitalised to Mine Development Assets	(5,144,255)	(2,704,676)
Closing Balance	3,893,680	3,498,640

7. CONTRIBUTED EQUITY

	Six Months Ended June 30, 2013		Year Ended December 31, 2012	
	Volume	C\$	Volume	C\$
(a) Issued capital				
Fully paid ordinary shares	620,729,899	225,856,621	620,729,899	216,197,853
Exercise of unlisted options ¹	19,019,002	3,161,839	-	9,658,768
Conversion of share rights	1,495,534	1,106,059	-	-
	641,244,435	230,124,519	620,729,899	225,856,621

1) Proceeds of \$9,658,768 were received from the exercise of 13,394,002 options with an exercise price of A\$0.70/option. The cash proceeds and option exercise notices were received as of December 31, 2012. The shares were issued during January 2013.

(b) Movements in ordinary share capital during the past six months were as follows:

Date	Details	Number of Shares	Average Issue Price	Total
			C\$	C\$
January 1, 2013	Opening Balance	620,729,899	0.36	225,856,621
	Shares issued on Exercise of options ¹	13,394,002	-	-
	Exercise of unlisted options	5,625,000	0.14	786,071
	Reserve adj. for exercise of unlisted options	-	-	2,375,768
	Conversion of share rights	1,495,534	-	1,106,059
June 30, 2013	Closing Balance	641,244,435	0.36	230,124,519

1) Proceeds of \$9,658,768 were received from the exercise of 13,394,002 options with an exercise price of A\$0.70/option. The cash proceeds and option exercise notices were received as of December 31, 2012. The shares were issued during January 2013.

8. SHARE BASED PAYMENT RESERVE

Movements of Unlisted Options and Performance Rights during the period were as follows:

Date	Details	Share Based Payment Reserve \$	Number of Performance Rights	Number of Unlisted Options
January 1, 2013	Opening Balance	17,905,440	4,828,979	35,925,000
	Share rights issued to employees and directors during the period	-	3,291,936	-
	Share rights forfeited 1	(131,482)	(229,366)	-
	Share rights forfeited 2	(1,706,049)	(1,081,272)	-
	Exercised on milestone date 3	(1,106,059)	(1,495,534)	-
	Amortization of outstanding share rights	1,964,738		
	Exercise of unlisted options	(2,375,768)		- (5,625,000)
	Net movement for the period	(3,354,620)	485,764	(5,625,000)
June 30, 2013	Closing Balance	14,550,820	5,314,743	30,300,000

Notes

- 1.) Forfeiture of share rights upon employee departures from the Company prior to completing the service period required under the share right plan.
- 2.) Tranche 2 share rights did not meet the service and non-market condition of commencement of construction at Vista by June 30, 2013. As required under IFRS the previously recognized expenses associated with such forfeited share rights is reversed as the agreed service was not received by the Company.
- 3.) Tranche 5 share rights were exercised and converted to ordinary shares by obtaining financing for Vista Phase 1 by June 30, 2013.

9. FOREIGN CURRENCY TRANSLATION ADJUSTMENT

Each entity in the Group uses the functional currency which best represents its primary economic environment. The Group's Canadian subsidiary, Coalspur Mines (Operations) Ltd. has always had a Canadian functional currency. In 2012 the Company determined the functional currencies of Coalspur Mines Ltd. and Coalspur Mines (Holdings) Pty Ltd. had changed from Australian to Canadian dollars as a result of its decision to pursue development of Vista following completion of a feasibility study on January 30, 2012.

Exchange differences arising on translation of entities within the Group with different functional currencies are taken to the foreign currency translation reserve, and recognised in profit and loss when the net investment is disposed of as described in Note 1 (d) of the notes to the financial statements for the six month period ended December 31, 2012. There have been no exchange translation differences since the Company adopted Canadian dollars as its reporting currency on February 1, 2012.

There were no movements in Foreign Currency Translation Reserve during the period ended June 30, 2013. Movements in Foreign Currency Translation Reserve last occurred during the period ended June 30, 2012 shown below:

Foreign Currency Translation Reserve	\$
Balance at July 1, 2011	(6,870,060)
Difference on translation of foreign currency	(5,531,493)
Closing balance as at June 30 2012, December 31 2012, June 30 2013	(12,401,553)

10. DIVIDENDS PAID OR PROVIDED FOR

No dividends have been paid or provided for during the period.

11. CONTINGENT LIABILITIES

The Company holds a beneficial interest in five coal leases that are an integral part of Vista. In accordance with the terms of the agreement with the vendor of these leases, initial payments of \$2.0 million and \$6.0 million have been made, and title to the leases will pass to Coalspur Mines (Operations) Ltd. upon the payment of an additional \$10.0 million upon the earlier of reaching an average production rate of 90,000 tonnes of coal per month from Vista over a three month period or February 19, 2016.

In addition to the consideration payable above, the Vendor is entitled to a royalty equal to 1% of the sales revenue generated from the sale of coal produced from the relevant leases.

On the basis that the above payment will only be paid at the option of the Group, no provision for any liability has been recognised in these financial statements.

As part of the contracts described in Note 5, the Company is required to make minimum throughput payments to Ridley Terminals beginning in 2017. These future payments have not been recognized as a liability as management believes it is unlikely to incur minimum payments related to unutilised allocation because throughput allocation surplus, to the extent there is any, may be sold to a third party or returned to Ridley Terminals under certain circumstances.

12. RELATED PARTY TRANSACTIONS

During the prior year the Company entered into a \$70 million Facility Agreement with Borrowdale Park S.A., which is associated with Messrs Colin Steyn and William Smart. During the current year the Company drew \$10 million on the credit facility, resulting in the vesting of one million funding options with an exercise price of A\$1.28. The total principal amount owing to Borrowdale Park S.A. at June 30, 2013 is \$40 million. Interest of \$1.1 million was paid to Borrowdale Park during the period.

On June 27, 2013 Coalspur announced that shareholders voted in favour of entering into a funding arrangement with EIG Global Energy Partners (“**EIG**”) to provide a senior secured debt facility of up to US\$350 million. In relation to this arrangement, Borrowdale Park agreed to accept a \$10 million repayment of the credit facility and 14 million warrants with an exercise price of A\$0.55 in return for restructuring the remaining \$30 million owing to them as a subordinated debt obligation with an interest rate of 10.5% (the “**Borrowdale Park Note**”). The ultimate maturity date of the Borrowdale Park Note is July 12, 2021 however it may be repaid early without penalty. If the Borrowdale Park Note is not repaid by the time Vista phase 1 construction is completed, (estimated in December, 2017) Borrowdale may elect to convert the Borrowdale Park Note into Coalspur shares at a 50% discount to the 10 day volume weighted average price at that time. Refer to the subsequent events section below for more information on this related party transaction.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the condensed consolidated financial statements:

	June 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	4,862,487	4,862,487	14,867,640	14,867,640
Accounts receivable	295,697	295,697	517,572	517,572
	5,158,184	5,158,184	15,385,212	15,385,212
Financial liabilities				
Accounts Payable and accrued liabilities	4,308,151	4,308,151	3,659,022	3,659,022
Credit facility	40,000,000	37,753,000	30,000,000	26,501,000
	44,308,151	42,061,151	33,659,022	30,160,022

The fair value of the financial assets and liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method was used to estimate the fair values:

- The fair value of cash, receivables, and payables, and credit facility approximate their carrying amounts due to the short-term maturities of these instruments.

(b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value hierarchy of financial instruments measured at fair value on the consolidated statements of financial position is as follows:

	June 30, 2013			December 31, 2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	4,862,487	-	-	14,867,640	-	-

During the reporting periods, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

14. SUBSEQUENT EVENTS AFTER BALANCE DATE

The following significant events occurred after balance date:

On June 27, shareholders voted in favour of entering into a funding arrangement with EIG to provide a senior secured debt facility of up to US\$350 million (the “**Facility**”). The Facility carries an interest rate of 8% per annum in cash plus 3% per annum which will be capitalised prior to Coalspur reaching production, and may be paid in cash after Coalspur is in production. As a result, the following associated events occurred after June 30, 2013:

- On July 4, 2013, Coalspur issued 120 million warrants to EIG’s investment funds with an exercise price of A\$0.55. These warrants expire on July 12, 2021, or earlier in certain circumstances (“**EIG Warrants**”).
- On July 12, 2013 Coalspur made an initial draw of US\$37 million on the Facility, and paid EIG a US\$7 million cash facility fee
- On July 12, 2013 Coalspur issued 14 million warrants to Borrowdale Park on the same terms and conditions as the EIG warrants as part of the Borrowdale Park Note.
- Also on July 12, Borrowdale Park relinquished its first ranking security over most Company assets in favour of EIG.
- On July 12, 2013 Coalspur cancelled 3 million options on issue to Borrowdale Park which expired as a result of the restructuring of its debt facility.
- On July 18, 2013 Borrowdale Park was re-paid \$10 million of the \$40 million outstanding credit facility. The remaining \$30 million outstanding on the credit facility was restructured as a subordinated debt obligation with an interest rate of 10.5%.

Other than disclosed above, there were no significant events occurring after the balance sheet date requiring disclosure.

Independent Auditor's Review Report to the Members of Coalspur Mines Limited

We have reviewed the accompanying half year financial report of Coalspur Mines Limited, which comprises the condensed statement of financial position as at 30 June 2013, and the condensed statement of profit and loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year as set out on pages 14 to 30.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Coalspur Mines Limited's financial position as at 30 June 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Coalspur Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Coalspur Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

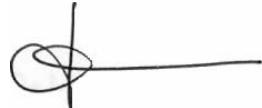
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Coalspur Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants
Perth, 13 August 2013

FORM 52-109F2 – CERTIFICATION OF INTERIM FILINGS (FULL CERTIFICATE)

I, Gill Winckler, Chief Executive Officer of Coalspur Mines Limited, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Coalspur Mines Limited (the “issuer”) for the interim periods ended June 30, 2013.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).
- 5.2 N/A
- 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2013 and ended on June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: August 13, 2013



Gill Winckler
Chief Executive Officer

FORM 52-109F2 – CERTIFICATION OF INTERIM FILINGS (FULL CERTIFICATE)

I, Jay Bell, VP Finance and Chief Financial Officer of Coalspur Mines Limited, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Coalspur Mines Limited (the “issuer”) for the interim periods ended June 30, 2013.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings
 - (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Committee of Sponsoring Organisations of the US Treadway Commission (COSO).
- 5.2 N/A
- 5.3 N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2013 and ended on June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Dated: August 13, 2013



Jay Bell
VP Finance and acting Chief Financial Officer



COALSPUR MINES LIMITED

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE SIX MONTH PERIOD ENDED JUNE 30, 2013**

ABN 73 003 041 594

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

CORPORATE DIRECTORY

DIRECTORS:

Mr. Colin Steyn	Chairman (non-executive)
Ms. Gill Winckler	President and CEO
Mr. Denis Turcotte	Director (non-executive)
Mr. Peter Breese	Director (non-executive)
Mr. David Murray	Director (non-executive)
Mr. Ted Mayers	Director (non-executive)
Mr. Mark Rodda	Director (non-executive)
Mr. William Smart	Alternate Director (non-executive)

SOLICITORS:

Canada:
Blake, Cassels &
Graydon LLP

Australia:
Hardy Bowen
Lawyers

AUDITOR:

Deloitte Touche
Tohmatsu

BANKERS:

Canada:
TD Canada Trust

Australia:
Australia and New
Zealand Banking
Group Limited

COMPANY SECRETARY:

Mr. Simon Robertson

PRINCIPAL OFFICES:

Canada:

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Facsimile: +1 604 697 4499

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28 Ord Street
Perth WA 6005
AUSTRALIA

Telephone: +61 8 6555 2945
Facsimile: +61 8 6210 1153

STOCK EXCHANGE LISTINGS:

Canada:

TSX Code: CPT – fully paid ordinary shares

Australia:

ASX Code: CPL – fully paid ordinary shares

WEBSITE:

www.coalspur.com

SHARE REGISTRIES:

Canada:
Computershare
Investor Services
Inc.
100 University
Avenue
Toronto, Ontario,
M5 J2Y1

Telephone:
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Facsimile:
+1 416 981 9800

Australia:
Computershare
Investor Services
Pty Ltd
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Georges Terrace
Perth WA 6000

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+61 8 9323 2000
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MD&A FOR THE PERIOD ENDED JUNE 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Condensed Consolidated Financial Statements for the three and six months ended June 30, 2013 (the "Financial Statements"), which are unaudited, the 2012 Financial Statements for the six month period ended December 31, 2012, and the 2012 MD&A for the six month period ended December 31, 2012. Coalspur Mines Limited ("Coalspur" or the "Company") recently changed its financial year end date from June 30 to December 31 to better align financial reporting with the calendar year, its industry peers and its Canadian subsidiary. The effective date of this report is August 13, 2013.

This discussion is current at the date of this MD&A. The Financial Statements and the financial information contained in this MD&A were prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"). All figures are expressed in Canadian dollars ("\$") unless otherwise indicated.

Unless the context otherwise requires, references in this MD&A to the 'Company' or 'Coalspur' are references to Coalspur Mines Limited and its subsidiaries.

Additional information relating to the Company and its business, including the Company's Annual Information Form ("AIF"), is available under the Company's profile on SEDAR at www.sedar.com.

OVERALL PERFORMANCE

During the half year ended June 30, 2013 Coalspur finalised its Vista development plan, secured the majority of development capital to fund Vista, advanced its regulatory applications, continued to build its workforce with key appointments, and finalized clean coal transportation arrangements.

Coalspur's Board of Directors approved the Vista development plan with capital of C\$458 million for a six million tonnes per annum ("Mtpa") capacity facility, resulting in a capital efficiency of \$76 per tonne of annual capacity. A competitive process with globally recognised EPC contractors resulted in an optimised project execution strategy, and confidence around development costs, schedule and project delivery. The terms agreed with the selected EPC contractor, Forge group's Taggart Global ("Forge"), de-risk the capital budget by locking in approximately 50% (US\$221 million) of total development capital and also de-risk the schedule to first production which is anticipated around the middle of calendar year 2015. The Company is in the process of negotiating and finalising the definitive agreement with Forge in line with the terms previously agreed.

The Company's financial position remains strong following the securing of a senior secured debt facility of up to US\$350 million (the "Facility") with EIG Global Energy Partners ("EIG"), and the associated restructuring of its C\$70 million credit facility with Borrowdale Park S.A. ("Borrowdale Park") into a

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

C\$30 million subordinated note. Access to the facility allows Coalspur to move into construction following regulatory approval. The agreements ensured Coalspur retains all off-take and marketing rights, thereby preserving strategic flexibility to secure the balance of its required development capital. Proceeds from the Facility are expected to fund the majority of development capital for the first phase of Vista. In addition, in January 2013, Borrowdale Park and a number of smaller option holders exercised their options to purchase approximately 13.4 million ordinary shares with an exercise price of A\$0.70.

Following shareholder approval on June 27, 2013 in July 2013 the Company issued 120 million warrants to EIG and 14 million warrants to Borrowdale Park, both with an exercise price of A\$0.55, made an initial draw of US\$37.0 million under the Facility, paid EIG a US\$7.0 million facility fee, and repaid C\$10 million of the previous C\$40 million owing to Borrowdale Park. Further draws upon the facility are contingent on obtaining regulatory approval for Vista Phase 1, and other conditions typical for a facility of this nature.

Coalspur appointed a number of individuals during the period to assist with the development and operation of Vista, including Colin Gilligan, who was appointed Chief Operating Officer, and Richard Tremblay, who was appointed Vice President, Operations. Coalspur's number of full time employees grew from 20 at December 31, 2012 to 27 at June 30, 2013.

The Company finalised its arrangements for transporting clean coal by rail to its port facility, by reaching a definitive agreement with CN Railway which outlines key terms for a seven year coal transportation agreement, and by bringing total committed port capacity with Ridley Terminals Inc. to 10.7 Mtpa. The capacity at Ridley commences with 2.5 Mtpa in 2015, and increases to 10.7 Mtpa by 2020 to closely align with the Company's forecast production.

DISCUSSION OF OPERATIONS

The net loss of \$9.0 million for the six months ended June 30, 2013 increased from \$8.4 million during the period ended June 30, 2012 due to the increased size and scope of the Company's activities required to secure project funding, regulatory approval and preparation for mine construction.

Expenditure Analysis	Six months ended	Three months ended	
	June 30, 2013	June 30, 2012	
Operating and exploration and evaluation expenditures			
Vista	14,275,424	-	5,864,702
Less: capitalized development - Vista	(11,455,115)	-	(4,104,801)
Operating expense	<u>2,820,309</u>	-	<u>1,759,901</u>
Exploration and evaluation expenses			
Vista Extension	-	61,686	-
Vista South	50,512	1,331,900	50,512
Vista	-	9,452,877	-
Less: capitalized development - Vista	-	(6,355,104)	-
Exploration and development expense	<u>50,512</u>	<u>4,491,359</u>	<u>50,512</u>
Corporate expense	4,267,653	2,540,467	1,514,342
Administrative expense	1,964,853	1,299,600	1,013,637
Finance costs associated with credit facility	2,439,579	467,239	1,297,283
Less: capitalized finance costs - Vista	(2,439,579)	(467,239)	(1,297,283)
Corporate and administrative expenses	<u>6,232,506</u>	<u>3,840,067</u>	<u>2,527,979</u>
Mine Development Capitalization	13,894,694	6,822,343	5,402,084
			3,945,406

Operating Expenditures

The Company expended \$14.3 million on Vista development during the six months ended June 30, 2013, versus \$9.5 million during the six month period ended June 30, 2012. Despite the increase in expenditures, the value recognised as an expense decreased from \$3.1 million in 2012 to \$2.8 million in 2013 as a result of increased capitalization to mine development assets subsequent to the completion of a successful bankable feasibility study on February 1, 2012. The Company expended \$5.9 million on Vista development during the three months ended June 30, 2013, versus \$5.0 million during the three months ended June 30, 2012. As a result, the value recognized as an expense increased from \$1.1 million in 2012 to \$1.8 million in 2013. During the quarters ended June 30, 2012 and June 30, 2013 the capitalisation and expenditures were consistent due the completion of the bankable feasibility study discussed above.

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

In June 2013 the Company updated its Vista development plan to construct and commission a six Mtpa capacity thermal coal facility by approximately mid 2015, which will be readily expandable to 12 Mtpa. The development plan has a total capital cost of C\$458 million, which includes a US\$221 million lump sum turn-key contract with Forge, which reduces exposure to currency fluctuations associated with the US\$ Facility. Forge's experience as an EPC contractor in Canada and globally, together with the principles agreed, provides a high degree of certainty over costs and schedule. The updated development plan allows the Company to construct the six Mtpa facility in one stage as opposed to the previously envisaged two stages.

The Company is in the final stages of its regulatory approvals process for Vista with the Alberta Energy Regulator ("AER"), formerly the Energy Resources Conservation Board, and Alberta's Energy and Sustainable Resource Development department ("ESRD"). In June 2013 the ESRD deemed that Coalspur's Environmental Impact Assessment was complete. The Company is awaiting key decisions from AER before all the requisite permits and approvals required to begin construction on Vista can be granted, primarily relating to the following components:

- Technical Completeness: AER is reviewing the remaining few technical responses that the Company submitted to the AER on July 19, 2013; and
- Statements of Concern ("SOCs"): 17 SOC's were submitted on Vista between September 2012 and January 2013, of which, ten have been withdrawn or are no longer active. The Company continues to engage with the active parties to have the remaining SOC's fully addressed or withdrawn.

The decisions from the AER are expected shortly.

Subsequent to June 30, 2013 the Canadian National Railway Company ("CN") received approval from the Canadian Transportation Agency ("CTA") which will allow Coalspur to construct a 6.5km long rail siding which will provide CN with access to Coalspur's loading site. Construction of the rail siding will begin once Coalspur receives the remaining regulatory approvals enabling it to commence construction on Vista. CN will ensure the rail siding meets their design and construction specifications.

During the period, Coalspur finalised its port capacity arrangements at Ridley Terminals by allowing an option to acquire 1.0 Mtpa capacity to lapse, and by confirming its intention to proceed with a previously signed agreement. Had the Company exercised this option it would have incurred additional risk associated with minimum throughput payments, and paid an additional \$4.0 million deposit. The finalised capacity commences with 2.5 Mtpa in 2015, and increases to 10.7 Mtpa in 2020 to satisfy the majority of Vista's forecast requirements at full production. Accordingly, the Company is subject to minimum throughput payments of \$12.8 million in 2015, increasing to \$54.9 million per year by 2020. Please refer to the Commitments section of this MD&A, Note 5 to the Company's June 30, 2013 Financial Statements, and copies of the Company's agreements with Ridley Terminals that are filed on SEDAR for more information.

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

Coalspur and CN signed a seven-year, definitive rail transportation agreement covering up to 12 Mtpa during the period. As with most Western Canadian Producers, CN will supply the equipment to carry Coalspur's coal to its port facility. Coalspur and CN also signed an agreement governing the construction of a 6.5km long rail siding providing CN access to Coalspur's loading site. While tree clearing of the rail siding area has been completed, additional construction activity is expected to begin following receipt of regulatory approval.

The Company significantly strengthened its management and technical teams in anticipation of commencing construction on Vista by increasing the number of management and technical staff from 20 at December 31, 2012 to 27 at June 30, 2013. The increased staff level is primarily due to growth at the Hinton office. The Company anticipates adding several additional technical team members in Hinton over the next six to twelve months.

Exploration and Evaluation

Vista Extension is located on the northeast boundary of Vista and covers 14,432 hectares. An initial resource estimate on Vista Extension resulted in Measured and Indicated resources of 173 Mt and inferred resources of 969 Mt. The Company acquired Vista Extension for \$13.0 million in 2012. To date exploration and evaluation expenses on Vista extension have been nominal and Coalspur has deferred a future drilling program and a pre-feasibility study on this project. The Company has no immediate plans to evaluate this property further.

Vista South covers 23,287 hectares and is located approximately 6km southwest of Vista. The Company believes Vista South has the potential to host a significant coal resource, which could provide value by leveraging off the planned infrastructure at Vista, providing for mine expansion or an extension of the project life. The Company spent \$1.3 million to complete an exploratory drilling program on Vista South during the six months ended June 30, 2012. The Company has no immediate plans to evaluate this property further.

For further information regarding Vista South, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. For more information on Vista Extension, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012.

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

Corporate and Administration

Corporate and administrative expenditures for the three months ended June 30 increased from \$1.5 million in 2012 to \$2.5 million in 2013 as the Company expensed a previously capitalized \$1.0 million fee in the current period as it allowed an option to acquire 1.0 Mtpa in port capacity at Ridley Terminals to expire.

Corporate and administrative expenditures for the six months ended June 30 increased from \$3.8 million in 2012 to \$6.2 million in 2013. The increase is due to fees associated with evaluating additional financing, an increased number of employees, progressing regulatory applications and advancing procurement and construction plans in addition to the \$1.0 million expenditure discussed above.

Outstanding Share Information

The following table sets out the Company's securities that are currently issued and outstanding as at the date of this MD&A:

Type of Security	Number
Outstanding ordinary shares	641,244,435
Outstanding unlisted performance shares (note 1)	25,000,000
Outstanding unlisted performance share rights (note 2)	6,902,113
Outstanding unlisted options (note 3)	27,300,000
<u>Outstanding unlisted warrants (note 4)</u>	<u>134,000,000</u>
Total	834,446,548

Notes

- (1) Unlisted performance shares were issued to acquire a portion of Vista, and will lapse if Vista does not produce 1.0 million tonnes of clean coal prior to February 19, 2014.
- (2) Unlisted performance share rights are issued pursuant to the Company's Performance Rights Plans to attract and retain directors, employees, and key contractors, and vest upon satisfaction of certain milestones.
- (3) The outstanding unlisted options are convertible into ordinary shares and are subject to exercise prices ranging from A\$0.20 to A\$1.62 and expiry dates ranging from August 30, 2013 to March 18, 2016. At the date of this MD&A, all unlisted options were exercisable.
- (4) Warrants issued to EIG (120 million) and Borrowdale Park (14 million) as part of the funding facility approved by shareholders on June 27, 2013. The warrants are exercisable at A\$0.55. These warrants expire on the maturity date of the Facility, or earlier in certain circumstances.

Coalspur's current market capitalization is approximately \$167 million based on the August 13, 2013 TSX closing price of \$0.26 (approximately \$170 million calculated on a diluted basis including all ordinary shares, performance rights, and in-the-money options).

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

Summary of Quarterly Results

(\$000s, except where noted) Canadian Dollars	Quarter Ended (Unaudited)							
	30-Jun 2013	31-Mar 2013	31-Dec 2012	30-Sep 2012	30-Jun 2012	31-Mar 2012	31-Dec 2011	30-Sep 2011
	(Restated)	(Restated)						
<i>Presentation Currency (Note 1 to the Annual Financial Statements)</i>	\$	\$	\$	\$	\$	\$	\$	A\$
Loss for the period	(4,357)	(4,650)	(3,169)	(3,774)	(2,810)	(5,541)	(9,564)	(4,210)
Loss per share (cents per share) (note 2)	(0.68)	(0.73)	(0.51)	(0.61)	(0.45)	(0.80)	(1.58)	(0.73)
Cash and cash equivalents	4,862	14,056	14,868	12,754	6,988	22,220	23,905	64,334
Exploration and evaluation assets	13,509	13,509	13,509	13,509	13,509	509	99,881	93,853
Mine development assets	134,282	128,880	120,388	114,585	109,726	105,314	-	-
Non-current prepayments	42,800	42,800	42,800	42,800	46,000	32,000	-	-
Intangible assets	2,500	3,500	3,500	3,500	3,500	-	-	-
Other assets	3,894	2,921	3,499	4,308	5,218	-	-	-
Total assets	203,626	208,544	201,001	193,143	186,195	165,102	154,973	161,174
Available credit	30,000	30,000	40,000	40,000	50,000	70,000		
Current liabilities	4,441	5,017	3,723	2,465	2,297	4,220	2,769	2,411
Long term liabilities	40,000	40,000	30,000	30,000	20,000	-	-	-
Total liabilities	44,441	45,017	33,723	32,465	22,297	4,220	2,769	2,411
Net assets	159,185	163,527	167,278	160,678	163,898	160,882	152,204	158,763

Notes:

- (1) The presentation and functional currency of the Company changed from Australian to Canadian dollars on February 1, 2012.
 (2) As at June 30, 2013, 25,000,000 Performance Shares, 30,300,000 Unlisted Options, and 5,314,743 Performance Rights were considered anti-dilutive as they would decrease the loss per share.

Total assets increased steadily over the last eight quarters as Coalspur acquired and developed mineral properties and port capacity. Significant asset expenditures include \$42.8 million in refundable deposits to secure port capacity, \$29.3 million to develop Vista subsequent to completing a feasibility study in January 2012, and the acquisition of Vista Extension for \$13.0 million in April 2012.

During Q2, 2013 the Company allowed an option to acquire 1.0 Mtpa from Ridley Terminals to expire, resulting in the expensing of \$1.0 million previously paid and categorized as an intangible asset.

Net assets have remained fairly steady over the same period since the increase to assets was offset by a corresponding increase to long term debt, resulting from the Company's \$70 million credit facility with Borrowdale Park, which was entered into during February 2012.

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

Financial Condition and Liquidity

The Company had combined cash and available credit of \$34.9 million at June 30, 2013, however, subsequent to June 30, Coalspur finalised its US\$350 million Facility with EIG and restructured its Borrowdale Park facility. The Company then made an initial draw of US\$37.0 million, and in accordance with the terms of the Facility, \$10.0 million was repaid to Borrowdale Park, and US\$7.0 million was paid to EIG as a Facility fee. Additional funds under the Facility will be available for draw down once Coalspur obtains regulatory approval, and meets other conditions precedent typical for a facility of this type. As of the date of this report, the Company had a cash balance of \$20.5 million.

Coalspur does not anticipate any significant revenue until Vista reaches commercial production, and is working to secure additional funds to complete the construction of Vista Phase 1.

Following shareholder approval in June 2013, and the meeting of certain other conditions precedent, the Company made an initial US\$37 million draw down on the Facility during July 2013. The Facility has a maturity date of July 12, 2021, and carries interest at a rate of 8% per annum in cash plus 3% per annum which can be capitalised or paid in cash. Cash payments will not start until Coalspur is in production. Also in July, Coalspur granted EIG 120 million warrants with an exercise price A\$0.55 each, expiring on the maturity date of the Facility, or earlier, in certain circumstances, and paid EIG a US\$7 million cash facility fee upon making its initial draw. A further US\$120 million can be drawn following receipt of necessary regulatory approvals, and other customary conditions precedent for a facility of this nature. Subsequent draw downs are subject to further funding arrangements for the construction of Vista Phase 1, and other conditions precedent, including a provision for final sizing of the Facility which is contingent upon the Company being able to maintain adequate debt service cover ratios. In the event that final sizing of the Facility results in a Facility limit of less than US\$250 million, Coalspur has the option to cancel the Facility and repay EIG with ordinary shares at market value, however that value shall not be less than A\$0.20 and not greater than A\$0.65 per share. In the event the Company does not cancel the Facility, it will be subject to make whole provisions should it elect to repay EIG early.

Coalspur had a balance owing of \$40 million on its \$70 million Borrowdale Park facility at June 30, 2013. Subsequent to shareholder approval, and in accordance with the terms of the EIG Facility, the Company repaid Borrowdale Park \$10 million in July 2013, and restructured the remaining \$30 million as a subordinated debt obligation with interest at 10.5% per annum (the “**Borrowdale Park Note**”), and issued 14 million warrants to Borrowdale Park with an exercise price of A\$0.55. The Borrowdale Park Note can be repaid at any time with a final maturity date of August 12, 2021. If the Borrowdale Park Note is not repaid by the time Vista reaches production, the interest rate on the note will increase to 20% per annum, and Borrowdale Park will have the option to convert the Borrowdale Park Note into shares at a 50% discount to the 10 day weighted average price at that time. It is Coalspur’s current intent to repay the Borrowdale Park Note prior to reaching production.

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

The following is a summary of the Company's outstanding commitments and planned payments.

Commitments and planned payments

(\$000s) Canadian Dollars	Total (up to 5 years)	Less than 1 year	1-3 years	4-5 years	After 5 years (per year)
Credit Facility Principal (note 1)	30,000	-	-	30,000	-
Borrowdale Park facility interest (note 2)	14,188	-	-	14,188	-
EIG facility interest (note 3)	22,404	-	2,691	19,713	12,025
Operating Leases	1,418	412	704	302	-
Mineral and surface leases	955	191	382	382	191
Minimum port payments (note 4)	73,949	-	12,838	61,111	54,948
Other	1,125	325	450	350	450
Commitments Total	144,039	928	17,065	126,046	67,614
Mineral lease acquisitions (note 5)	10,000	-	10,000	-	-
Vista Phase 1 Development (Note 6)	458,000	150,000	308,000	-	-
Planned payments Total	468,000	150,000	318,000	-	-
Total commitments and planned payments	612,039	150,928	335,065	126,046	67,614

Notes:

- 1) The Company repaid \$10 million principal to Borrowdale Park in July 2013, and plans to repay the remaining \$30 million in December 2017. Principal payments to EIG are not planned until the Facility matures on July 12, 2021.
- 2) Interest on the \$30 million Borrowdale Park subordinated note is accrued and capitalized at 10.5% and should be repaid in December 2017.
- 3) Interest is accrued and capitalized at 11% on the EIG facility until Vista commences production, after which interest is payable quarterly.
- 4) The Company has not recognized these commitments as contingent liabilities because it will either utilize the throughput capacity or sell it to other parties. See Note 5 to the attached Financial Statements for more information.
- 5) The Company holds a beneficial interest in five coal leases that are integral to Vista. In accordance with the terms of the agreement to purchase these leases, initial payments of \$2 million and \$6 million have been made, and title to these leases will transfer to Coalspur upon the payment of an additional \$10 million which must be made by February 19, 2016.
- 6) The Company plans on commencing construction of Vista Phase 1 during 2013 and has arranged approximately 75% of the financing required to complete the Project. No material commitments will be made with respect to Vista construction until regulatory approval is obtained.

TRANSACTIONS WITH RELATED PARTIES

In February 2012, the Company entered into a \$70 million credit facility agreement to fund Vista development with Borrowdale Park, which is associated with Messrs Colin Steyn and William Smart. Under the agreement, Coalspur provided Borrowdale Park with security over its assets, issued eight million facility options and seven million funding options to purchase ordinary shares. Shareholder approval for this transaction was obtained on April 26, 2012.

For the six months ended June 30, 2013, Coalspur paid \$1.1 million in interest pertaining to the credit facility. At June 30, 2013 Coalspur had drawn \$40 million of the \$70 million loan facility that it has with Borrowdale Park. Subsequent to the shareholders voting in favour of the EIG and Borrowdale Park agreements on June 27, 2013, in July 2013 Coalspur repaid \$10 million of this outstanding amount and restructured the remaining \$30 million as a subordinated debt obligation of Coalspur. The subordinated debt will carry an interest rate of 10.5%, and Borrowdale Park received 14 million warrants with an

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

exercise price of A\$0.55 per share on July 12, 2013. For more information about this transaction, please refer to the Material Change Report filed on SEDAR dated April 26, 2013.

The ultimate maturity of the Borrowdale Park Note is August 2021 however it may be repaid early without penalty. If the Borrowdale Park Note is not repaid by December 31, 2017, Borrowdale may elect to convert the Borrowdale Note into Coalspur shares at a discount to the 10 day volume weighted average price at that time. Upon receiving Borrowdale's election, Coalspur has 60 business days in which to refinance the Borrowdale Park Note or issue Coalspur shares.

As a result of the restructured debt facility 3,000,000 unlisted options which had not vested were cancelled subsequent to June 30, 2013.

All related party transactions are measured at cost or estimated fair market value in the event cost is not determinable.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The attached financial statements were prepared in accordance with AIFRS. A description of the Company's significant accounting policies is provided in Note 1 to the audited Consolidated Financial Statements for the six month period ended December 31, 2012. At present, the Company has no accounting estimates that rely on highly uncertain assumptions that are likely to change in the future.

CURRENCY EXPOSURE

The Company currently owes US\$37 million to EIG under its Facility and this liability could grow to as much as US\$350 million. The Company expects to mitigate part of this exposure through the EPC contract for US\$221 million with Forge. As the Company expects future thermal coal sales to be denominated in US\$ this will act as a natural hedge as Coalspur repays the facility in the future.

Adoption of new and revised accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the period ended December 31, 2012 and for the quarter ended March 31, 2013. These newly adopted standards do not have a material impact on the Company's financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can

MD&A FOR THE PERIOD ENDED JUNE 30, 2013

provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2013 that materially affect, or are reasonably likely to materially affect, internal control over financial reporting.

Regulatory Disclosures

For further information regarding Vista and Vista Extension, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the projects, please refer to the technical report titled "Coalspur Mines Limited: Updated Resource Estimate for the Vista Coal Project" dated September 12, 2012. For further information regarding Vista South, including a description of Coalspur's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of the project, please refer to the technical report titled "Resource Estimate for the Vista South Coal Property" dated June 25, 2012. The technical reports are available for review on SEDAR at sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements concerning Coalspur Mines Limited, including statements regarding Coalspur's plans for its mineral projects, development plans and timing, development and operating costs, production, regulatory approvals, exploration and development activities, and other matters. These statements relate to analyses and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including those referred to in the Company's Annual Information Form under the heading "Description of the Business - Risk Factors", and elsewhere. The Company has several material risk factors that could cause actual results to differ materially from the forward-looking information, including, but not limited to; risks associated with funding requirements for Vista

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development, uncertainties relating to fluctuations in coal price, uncertainties related to the availability of future financing, risks related to Coalspur's existing credit facility, risks associated with take or pay commitments with Ridley Terminals, risks associated with the need for governmental licenses, permits and approvals, uncertainties related to aboriginal rights claims and multiple mineral development, and uncertainties related to global economic and financial conditions.

Coalspur's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Coalspur believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. The Company has applied several material factors or assumptions to develop the forward-looking statements, which may prove to be incorrect, including, but not limited to: (1) that all required third party approvals will be obtained for the development, construction and production of its properties; (2) that additional financing will be available on reasonable terms; (3) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (4) permitting, development and expansion proceeding on a basis consistent with the Company's current expectations; (5) currency exchange rates being approximately consistent with current levels; (6) certain price assumptions for coal; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource and reserve estimates; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

Coalspur disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

For a more detailed analysis of risks affecting the Company, please see the Risk Factors discussion in the Description of the Business section of the Company's Annual Information form, available from SEDAR at www.sedar.com